

CALIFORNIA ENERGY COMMISSION

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Sacramento, California 95814

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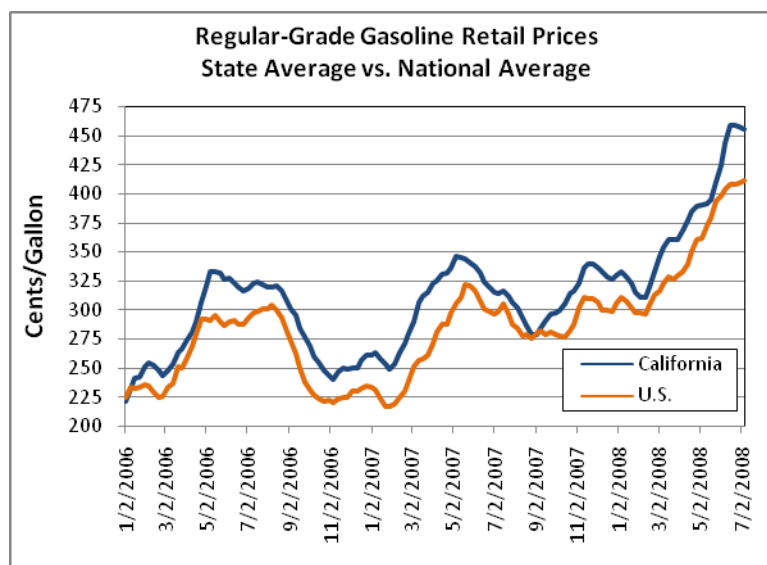
Main website: www.energy.ca.gov

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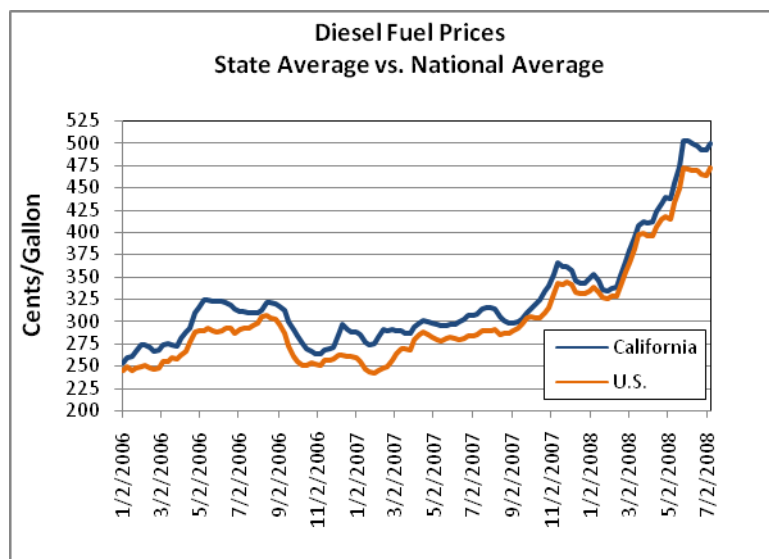
Consumer Information: www.ConsumerEnergyCenter.org

**Petroleum Watch****July 11, 2008*****Retail Gasoline and Diesel Prices on July 7***

- The average California **retail price for regular-grade gasoline** decreased 2 cents from last week to \$4.55 per gallon. Prices are 4 cents lower than the record high on June 16 but are 12 cents higher than a month ago and \$1.41 per gallon higher than the same time last year.ⁱ
- The difference between California and U.S. retail gasoline prices increased 5 cents from a month ago to 44 cents per gallon. U.S. gasoline prices increased 7 cents from last month to a record high \$4.11 per gallon, \$1.13 more than this time last year.



- The average California **retail diesel price** increased 1 cent since last month to \$5.00 per gallon. The U.S. retail diesel price set a record high at \$4.73 per gallon, an increase of 4 cents from a month ago. The difference between California and U.S. prices decreased by 3 cents from last month to 27 cents per gallon.

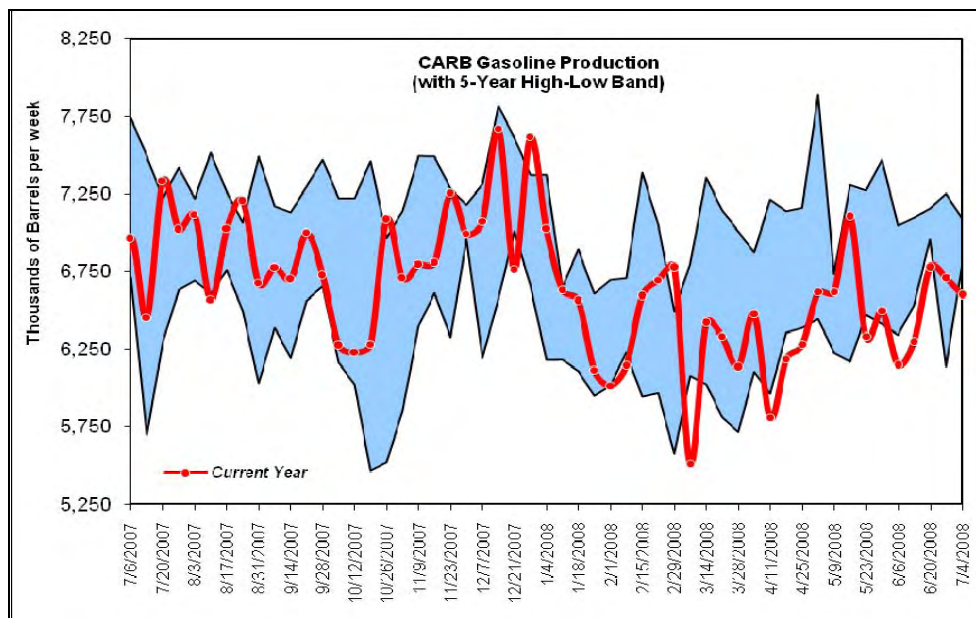


Wholesale Gasoline and Diesel Prices on July 8

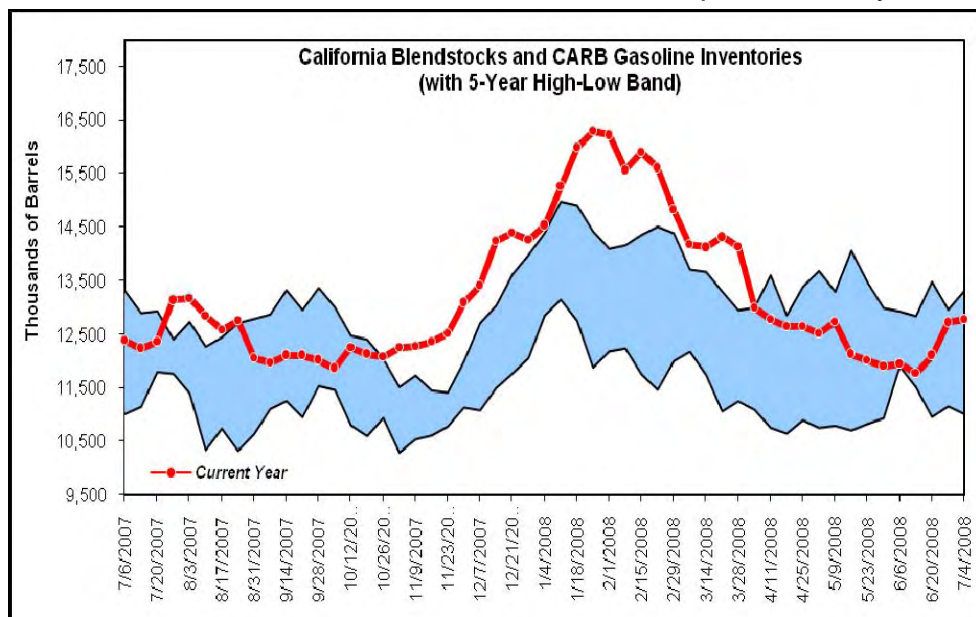
- Crude oil prices that briefly exceeded \$140 per barrel and California refinery maintenance were the dominant factors in keeping gasoline and diesel prices high over the last month, although wholesale prices have dropped sharply in the last week due to weakening demand and a decline in crude oil prices.
- California spot wholesale gasoline prices for regular-grade reformulated blendstock for oxygenate blending (RBOB) settled at \$3.41, 21 cents per gallon less than a month ago, but 92 cents more than the same time last year.
- Spot prices for RBOB in Los Angeles are 8 cents per gallon more than New York Harbor and 15 cents more than the Gulf Coast, decreasing from 27 and 24 cents more, respectively, a month ago.
- California spot **wholesale ultra-low-sulfur diesel prices** on July 3 nearly reached the May 22 record of \$4.12 per gallon but have since fallen to \$3.83, 4 cents less than last month but \$1.48 higher than the same day last year.
- California wholesale ultra low-sulfur diesel prices are 7 cents more than the Gulf Coast and 1 cent more than New York Harbor.
- California spot gasoline prices ended the reporting week at 42 cents less than California diesel, compared to 25 cents less than diesel a month ago.
- The Energy Information Administration's (EIA) weekly report for the week ending July 4 shows that **U.S. gasoline demand** decreased 0.1 percent, and distillate demand decreased 0.3 percent from the previous week. The four-week average demand for gasoline is 9.32 million barrels per day, 2.9 percent less than the four-week average at the same time last year. The four-week average for U.S. distillate demand is 4.17 million barrels per day, 0.9 percent more than the same period last year.

Refinery Production and Inventories

- **Reformulated gasoline production** in California for the week ending July 4 decreased 1.6 percent from the previous week to 6.60 million barrels, falling just below the five-year range and 5.2 percent lower than a year ago.ⁱⁱ

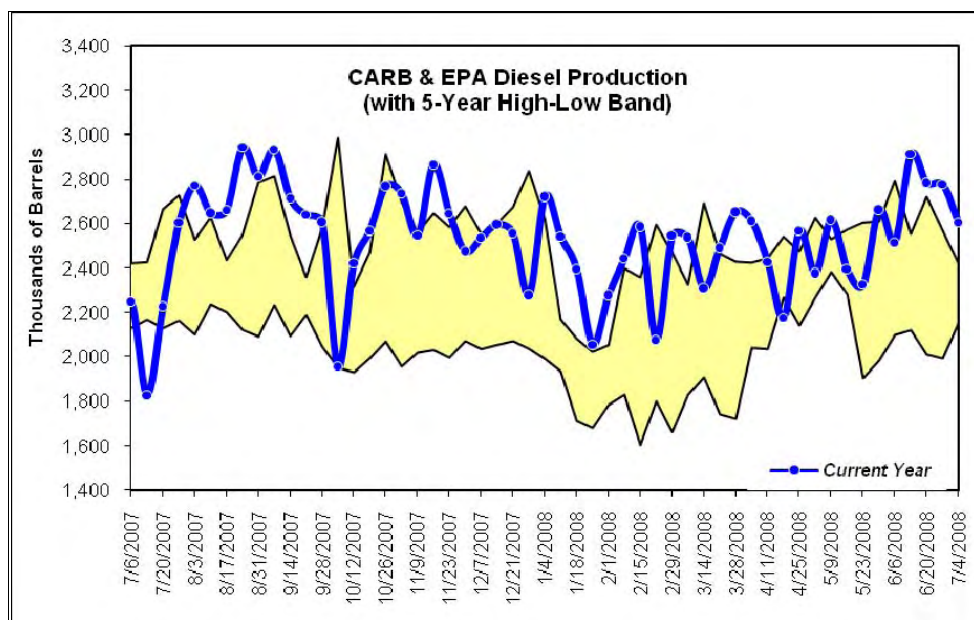


- Gasoline blendstock inventories increased 3.0 percent. **Combined inventories** of reformulated gasoline and gasoline blendstocks in the state **increased by 0.4 percent** to 12.78 million barrels and remain near the top of the five-year range.

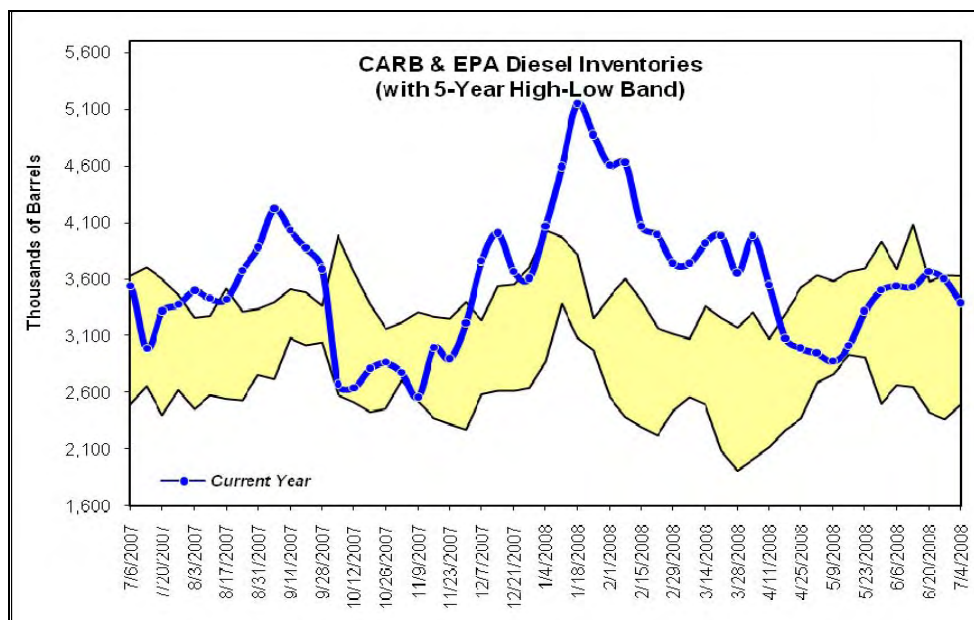


- U.S. gasoline inventories as of July 4 increased to 211.8 million barrels, 909,000 barrels more than the previous week. Inventories increased on the East, Gulf, and West Coasts during the latest week.

- California **ultra-low-sulfur diesel production** during the week ending on July 4, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, decreased to 2.61 million barrels, 6.2 percent lower than the previous week but still well above the five-year range.

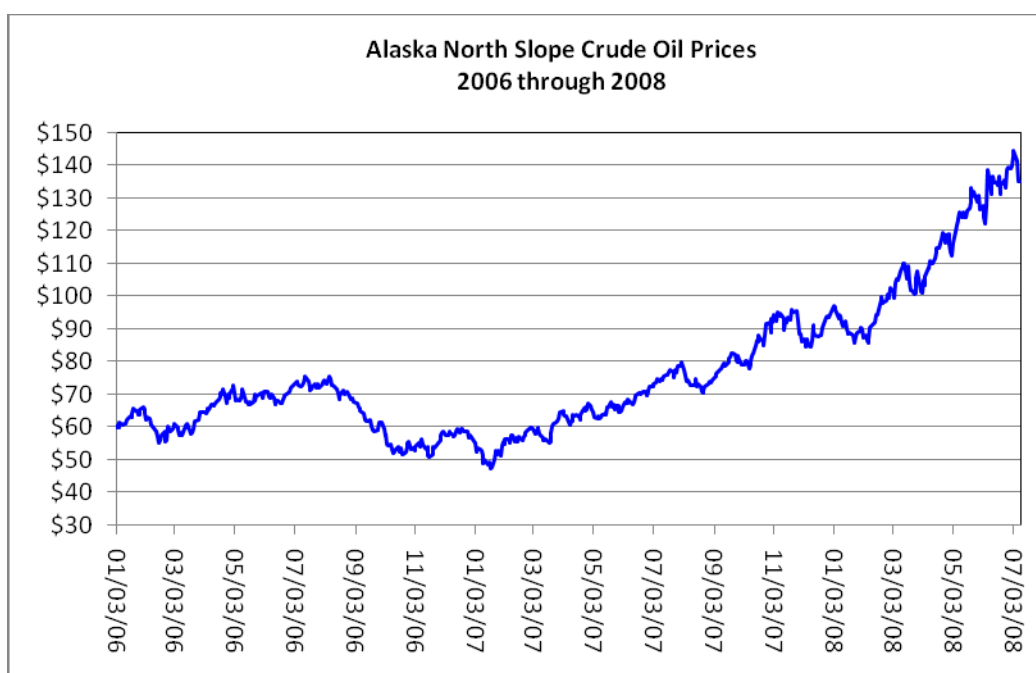


- Combined **ultra-low-sulfur diesel inventories** in California decreased 5.9 percent from the previous week to 3.39 million barrels, but still remain near the upper end of the five-year range. Total U.S. distillate inventories as of July 4 rose to 122.5 million barrels, 1.82 million barrels more than the previous week. Inventories increased on the East and West Coasts, but decreased on the Gulf Coast.



Crude Oil Prices and Inventories

West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, reached a record high of \$144.59 per barrel on July 3 but has since fallen to \$135.35 as of July 9, only \$1.03 per barrel more than last month.ⁱⁱⁱ The U.S. Federal Reserve's decision on June 24 to leave the federal funds rate unchanged weakened the value of the dollar, encouraging the movement of more investment money into commodities such as oil and increasing commodity prices. Declining U.S. commercial crude oil stocks, an attack on off-shore facilities in Nigeria, and the confrontation over Iran's nuclear program also contributed to higher prices. The president of the Organization of Petroleum Exporting Countries stated that oil prices could rise to \$150 to \$170 per barrel this summer. On July 1, the International Energy Agency reported expectations for a tight oil market until 2013, concluding that supply and demand fundamentals rather than speculation in the futures market are to blame for the record oil prices.



- U.S. commercial crude oil inventories as of July 4 fell by 5.8 million barrels from the previous week to 293.9 million barrels, the lowest level since January. Crude oil stocks are 58.6 million barrels less than this time last year and 27.3 million barrels lower than the five-year average for this date. California crude oil stocks fell 6.3 percent from the previous week to 15.04 million barrels and are 0.7 percent less than last year.

ⁱ Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

ⁱⁱ California refinery production and inventory information is from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

ⁱⁱⁱ ANS crude oil prices are from *The Wall Street Journal*.